

Message Text

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E.O. 11652: N/A

TAGS: FAO, EAGR

SUBJECT: FAO DG APPEAL CONCERNING FERTILIZER

REF: ROME 2849

1. REQUEST YOU DELIVER FOLLOWING RESPONSE TO DG BOERMA'S MESSAGE OF FEBRUARY 22 TO THE SECRETARY REGARDING THE WORLD FERTILIZER SHORTAGE:

BEGIN QUOTE. THE UNITED STATES GOVERNMENT SHARES THE DEEP CONCERN YOU EXPRESSED IN YOUR MESSAGE OF FEBRUARY 22 REGARDING THE EFFECTS CURRENT SERIOUS FERTILIZER SHORTAGES AND HIGH PRICES MAY HAVE ON FOOD PRODUCTION IN MANY DEVELOPING COUNTRIES.

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IN ORDER TO INSURE THAT THE U.S. FERTILIZER INDUSTRY WOULD

HAVE ALL THE INCENTIVES NECESSARY TO OPERATE AT FULL CAPACITY THIS YEAR, AND IN ORDER TO ENABLE DOMESTIC REQUIREMENTS TO GET A FAIR SHARE OF THAT LARGER OUTPUT, DOMESTIC PRICE CONTROLS ON FERTILIZER WERE LIFTED IN OCTOBER 1973. OUR NEEDS HAVE BEEN SUBSTANTIALLY INCREASED, HOWEVER, BY THE RELEASE OF ACREAGE FOR ADDED PRODUCTION TO MEET THE EXPANDED NEEDS OF OTHER COUNTRIES, INCLUDING MANY DEVELOPING ONES. AS A RESULT, THE U.S. FERTILIZER INDUSTRY IS OPERATING AT NEAR CAPACITY LEVELS-- ABOUT 97 PERCENT FOR NITROGEN AND 90 PERCENT FOR

PHOSPHATE. WE ANTICIPATE THAT FOR FISCAL YEAR 1974 IT WILL THUS BE POSSIBLE TO MEET THE MOST ESSENTIAL DOMESTIC NEEDS AND DEPENDING ON INTERNATIONAL-DOMESTIC PRICE RELATIONSHIPS, TO CONTINUE EXPORTS AT APPROXIMATELY THE SAME LEVEL AS IN 1973.

IN ADDITION, UNITED STATES FOREIGN ASSISTANCE AUTHORITIES ARE INVESTIGATING EVERY WAY POSSIBLE TO BE AS RESPONSIVE TO OVERSEAS REQUESTS FOR FERTILIZER AID PROGRAMS AS THE TIGHT SUPPLY SITUATION AND BUDGET LIMITATIONS WILL PERMIT. PROCUREMENT OF FERTILIZERS FOR DEVELOPING COUNTRIES IS NO LONGER CONFINED TO THE UNITED STATES. OTHER MEASURES BEING UNDERTAKEN INCLUDE ASSISTANCE TO IMPROVE FERTILIZER PLANT PRODUCTION CAPACITY AND EFFICIENCY AND MORE EFFECTIVE FARM USE.

THERE IS LITTLE THAT MY GOVERNMENT CAN DO IMMEDIATELY TO RESPOND TO YOUR APPEAL BEYOND THE MEASURES WE HAVE ALREADY TAKEN. HOWEVER, WE WILL WELCOME THE OPPORTUNITY OF DISCUSSING THIS PROBLEM FURTHER AT THE COMMITTEE ON AGRICULTURE MEETING IN APRIL AND AT THE FIRST SESSION OF THE COMMISSION ON FERTILIZERS IN JUNE.

FEARING THAT WITHOUT POSITIVE ACTION THE PRESENT SHORTAGE MIGHT CONTINUE AND THUS POSE A LONGER-TERM THREAT TO ADEQUATE FOOD PRODUCTION, THE U.S. DELEGATE SUGGESTED AT THE FIRST SESSION OF THE PREPARATORY COMMITTEE FOR THE WORLD FOOD CONFERENCE LAST MONTH THAT THE FERTILIZER SUPPLY PROBLEM OVER THE NEXT FIVE TO TEN YEARS SHOULD

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RECEIVE SPECIAL ATTENTION AT THE CONFERENCE AS ONE MEANS OF ENCOURAGING EXPANSION OF OUTPUT AND REDUCING FOOD PRODUCTION COSTS. WE HOPE THAT CONSTRUCTIVE ACTIONS WILL HAVE BEEN AGREED BY THE TIME THE WORLD FOOD CONFERENCE ADJOURNS. END QUOTE. KISSINGER

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